

**DARLENE GREEN**  
Comptroller

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Audit/Fiscal Executive



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS

*Internal Audit Section*



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June 22, 2007

Will Jordan, Executive Director  
Metro St. Louis Equal Housing Opportunity Council  
1027 S. Vandeventer  
St. Louis, MO 63110

RE: Fiscal Monitoring Report of Metro St. Louis Equal Housing Opportunity Council  
(Project #2007-CDA35)

Dear Mr. Jordan:

Enclosed is a report of our fiscal monitoring review of Metro St. Louis Equal Housing Opportunity Council (Contracts #06-10-69 and #07-10-69) for the period January 1, 2006 through April 30, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Metro St. Louis Equal Housing Opportunity Council. Our fieldwork was completed on May 24, 2007.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the International Standards for Professional Practice of Internal Auditing and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients. If you have any questions, please contact Charles Schroeder (314) 589-6089.

Sincerely,

Sedrick D. Blake, CPA  
Audit/Fiscal Executive

Enclosure

cc: Lorna Alexander, Fiscal Coordinator, Community Development Administration



# CITY OF ST. LOUIS

***COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)***

***METRO ST. LOUIS EQUAL HOUSING OPPORTUNITY COUNCIL  
CONTRACTS #06-10-69 & #07-10-69***

***FISCAL MONITORING REVIEW***

***JANUARY 1, 2006 THROUGH APRIL 30, 2007***

***PROJECT #2007-CDA35***

***DATE ISSUED: JUNE 22, 2007***

***Prepared by:  
The Internal Audit Section***



# OFFICE OF THE COMPTROLLER

***HONORABLE DARLENE GREEN, COMPTROLLER***

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
METRO ST. LOUIS EQUAL HOUSING OPPORTUNITY COUNCIL  
CONTRACTS #06-10-69 & #07-10-69  
FISCAL MONITORING REVIEW  
JANUARY 1, 2006 THROUGH APRIL 30, 2007**

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COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
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METRO ST. LOUIS EQUAL HOUSING OPPORTUNITY COUNCIL  
CONTRACTS: #06-10-69 & #07-10-69  
FISCAL MONITORING REVIEW  
JANUARY 1, 2006 THROUGH APRIL 30, 2007**

**INTRODUCTION**

**Background**

**Contract Name:** Metro St. Louis Equal Housing Opportunity Council

**Contract Program:** Equal Housing Opportunity Education CFDA #14.218

**Contract Numbers:** 06-10-69 & 07-10-69

**Contract Periods:** January 1, 2006 through December 31, 2006  
January 1, 2007 through December 31, 2007

**Contract Amounts:** \$40,000 & \$40,000

These contracts provided Community Development Block Grant (CDBG) funds to Metro St. Louis Equal Housing Opportunity Council to ensure equal access to housing for all people through education counseling investigation and enforcement.

**Purpose**

The purpose of our review was to determine Metro St. Louis Equal Housing Opportunity Council's compliance with federal, state and local CDBG requirements for the periods January 1, 2006 through April 30, 2007. We will make recommendations for improvements if necessary.

**Scope and Methodology**

We made inquiries regarding Metro St. Louis Equal Housing Opportunity Council's internal controls relating to the grant administered by the Community Development Administration (CDA), tested evidence supporting the reports the Agency submitted to CDA and performed other procedures considered necessary. Our fieldwork was completed on May 24, 2007. Management's responses were received on June 18, 2007, and have been incorporated into this report.

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**CONCLUSION AND SUMMARY OF CURRENT OBSERVATIONS**

**Conclusion**

Metro St. Louis Equal Housing Opportunity Council did not fully comply with federal, state and local CDBG requirements.

**Status of Prior Observations**

The Agency's previous Fiscal Monitoring Report dated January 10, 2006 contained two observations:

1. The Agency did not have Fidelity/Dishonesty/Employee theft coverage.  
(Resolved)
2. The Agency did not have two signatures on their checks as required by CDA.  
(Repeated)

**A-133 Status**

According to a letter provided by the Agency on May 3, 2007, Metro St. Louis Equal Housing Opportunity Council was not required to have an A-133 Status report for calendar year 2006 because it did not expend \$500,000 or more in federal funds for the year.

**Summary of Current Observations**

We made a recommendation for the following observation, which if implemented, could assist the Metro St. Louis Equal Housing Opportunity Council in fully complying with federal, state and local CDBG requirements:

- The Agency does not require two authorized signatures on checks.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS, AND**  
**MANAGEMENT'S RESPONSES**

**The Agency does not Require Two Authorized Signatures on Checks**

CDA policy guidelines require the Agency to have two authorized signatures on all checks. During our review, we observed that some issued checks only had one signature. Internal controls over expenditures may be reduced when only one individual signs disbursement checks.

**Recommendation**

We recommend the Agency comply with CDA policy guidelines and require two authorized signatures on all checks.

**Management's Response**

*We concur with the observation.*

*We do not have subcontractors and do not pay employees with CDA funds. Our payroll is handled by ADP. The CDA contract is for educational training and we do not pay CDA funds to any outside vendors. Our board members are located throughout the metro area and a second signature on checks would make our current operations impracticable. EHOc has a budget of less than \$500,000.00 per year and has an independent audit done annually. All other sound financial controls are in place. The accountant/business manager uses a secured computer generating check system which prevents any employee, including the Executive Director (authorized signatory), from being able to generate EHOc checks outside the system.*

*We request to continue this practice based upon the difficulty obtaining second signatures in a timely fashion, the traceability and uniformity of the current check system, and the limited use of CDA funds. We are submitting this issue to the Board of Directors and anticipate that they will consider a compromise and require two signatures on checks greater than \$1,000.00.*

**Auditor's Response**

Since the contract is for service units only, we recommend that the Agency contact CDA and request a waiver for this requirement.